revenue surplus of Rs. 24·32 lakhs is proposed to be ear-marked for transfer to the Revenue Reserve Fund which has already got Rs. 8·9 lakhs at its credit. This reserve, as honourable members are aware, was constituted in 1112 to be drawn upon, if necessary, in lean years, when the revenue is not sufficient to meet the expenditure or when it is necessary to provide for any unforeseen contingencies or sudden changes in the tide of affairs which the Government may be called upon to face. In view of the uncertain conditions of the present international position and their possible repercussions on our future finances the necessity to draw upon this Reserve may arise at any time. The prices of our produce *viz.*, copra, ginger, pepper, rubber tea and cardamom which stand at a very high level now may again fluctuate and fall, as prices fell down on the termination of the last war. It is therefore highly essential that we conserve special surpluses as a protection againt future depression when Government may have to forego revenue or incur large expenditure to relieve distress.

15. On the Capital side, the Revised Estimates of expenditure for the current year have been fixed at Rs 37·06 lakhs which is less than the budget anticipations by Rs 7·13 lakhs. This variation is the net result of increase of expenditure expected under some of the items, Ceramic Factory (0·59), Transport Scheme (0·27), etc., set off by decrease of expenditure under other items mainly due to the obstacles to the work consequent on the lack of shipping facilities for getting down from abroad the required materials and machinery. The decreases are mostly under Water Supply (0·86), Drainage (0·52), Pallivasal Hydro-Electric Scheme (2·31), Broadcasting (0·5), Telephone (0·25) and University Buildings (0·96).

Budget Estimates for 1118.

16. With these general observations on the Revised Estimates for the current year, I shall now pass on to the Budget Estimates for the ensuing year. As usual, the Budget for the next year has been framed on the assumption that conditions will continue to be more or less what they are now, due account being also taken of such changes as could be possibly foreseen. But although we are justified in budgeting for a revenue approximating to 3 crores, I have deliberately adopted a moderate scale so that we may be prepared for all contingencies and unexpected variations. The estimates so framed have been prepared on the expectation of a total revenue of Rs 290·22 lakhs and the programme of expenditure chargeable to the year's income has been fixed at Rs 285·13 lakhs, leaving a surplus of Rs 5·09 lakhs, especially in view of the not improbable fall in some of the chief items of revenue mainly customs, as a result of the constantly changing war situation.

17. Our share of the customs revenue from the Cochin Harbour is fixed at Rs 2 lakhs less than the current year's receipts. But it is not unlikely that the revenue budgeted for may not be realised in the

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present unsettled condition of our foreign trade. With a view to make up the deficiency, if any, in the revenue anticipations, without increasing the burden of taxation on the poor, it is proposed to increase the cess on rubber from B. Re 1 to B. Re 1-8-0 per cwt. from 1-1-1118. This industry has, of late, begun to pass through a period of notable prosperity and the probabilities are that owing to the world shortage of the commodity rubber producers are not likely to experience any losses in the immediate future. It is only fair moreover that the capitalist who enjoys the full benefits of the increase in the price of rubber should contribute a quota for the alleviation of the distressed. The increase in cess is expected to bring in an additional revenue of about Rs. 2 lakhs.

18. Another source from which the revenue could be increased in case of absolute necessity is the imposition of an export duty on timber. Formerly, timber of all kinds exported from the State was subjected to duty. But as the stock of timber was heavy and as there was only a very poor demand therefor within and out side the State, the export duty on timber was abolished in 1087 with a view to dispose of the large stock of timber and enhance the revenue. At present, there is a large demand for our timber from outside the State and Government are considering whether a duty may not be levied on the timber exported from the State if, during the next year itself, further developments in the present situation necessitate such a course.

19. The revenue anticipated for the incoming year is Rs 11·19 lakhs less than the revised estimate for the current year. This difference is the net results of lower estimates under almost all the principal items of revenue heads, off-set by increase anticipated under the commercial services. The fall in revenue is marked under Customs (2·72), Excise (0·77), Forest (1·56), Taxes on income (1·00), Currency and Mint (7·86) and Buildings communications and Miscellaneous Public Improvements (3·4), while increase of revenue are conspicuous under Electric Schemes (5·7), Water Supply and Drainage Schemes (0·85), State Transport Scheme (0·98) and Clay Refining and Porcelain Factory (0·5). Under Customs, the receipts from the Port of Cochin for the next year have been fixed at a lower figure than in the revised estimates for the current year for the reason that shipping difficulties may possibly increase. The estimates under the other items have also been fixed on a conservative basis. The compensating increase under Land customs this year cannot be entirely relied upon for the next year, as that may be only in the nature of a temporary phenomenon. Less consumption of tobacco, opium and ganja accounts for the lower revenue anticipated for the next year under Excise. The decrease expected under Forest revenue is due to the probability of the demand for our forest timber becoming less. Under taxes on Income, the fall in revenue is anticipated under Super-tax, in fixing the estimates for

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which due margin has been allowed for the effects of war on large scale trade and big industries. The receipts in the current year under Currency and Mint are special, due to fresh coinage of silver and no receipts are therefore expected next year. The decrease of revenue anticipated under Buildings, Communications and Miscellaneous Public Improvements is mostly under Tolls on roads and bridges mainly due to limited motor traffic on account of the rationing of petrol. On the other side, the betterment of revenue expected under Electrical schemes is accounted for by the fact that the Aluminium Factory which is expected to start work soon and the Government of Cochin will both come in for their full load of energy early next year. Under Water Supply and Drainage schemes, the anticipated increase represents the increased contribution payable by the Municipal Corporation of Trivandrum. The expected increase of net-receipts from the State Transport Scheme is mainly the result of the reduction in operating expenses. A slight increase of revenue is also anticipated from the Clay Refining and Porcelain Factory due to expectations of larger production.

20. Turning to the expenditure side, the programme of expenditure during the next year covers a budget provision of Rs. 285·13 lakhs, which is Rs. 8·04 lakhs in excess of the Revised Estimates for the current year. This small increase, honourable members will readily concede, is invitable in order to maintain the steady development of a progressive administration and is also due to the increase in prices all round. The programme of expenditure for the various departments has been carefully scrutinised by the Government as well as the Standing Finance Committee of the Legislature and in fixing the allotments the essential requirements of an efficient administration on the one hand and on the other, the need for the due exercise of economy especially at the present time, have both been kept in view, side by side. I shall now proceed to make a brief survey of the more important aspects of the next year's programme of expenditure.

21. *Forests.* The Department is proposed to be reorganised with a view to tapping new sources of revenue and to effect economy in the present administration without prejudicially affecting efficiency. A territorial redistribution of jurisdiction aiming at the reduction of the existing number of Forest divisions is also in contemplation. This accounts for the small reduction in next year's expenditure on this department, as compared with the Revised Estimates of expenditure for the current year.

22. *Public Service Department.* The Public Service Department, which was organised in 1110 had been functioning all these years only on a temporary basis. The work of the department having been carefully reviewed, the Government are satisfied of the continued usefulness of the department and it is therefore proposed to make the department permanent from 1st Chingom 1118.

23. *Education.* As usual, a liberal provision has been made for expenditure on Education. While on the Education budget, I may

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perhaps refer to a recent activity of the Research Department of the Travancore University. To overcome the increasing difficulty experienced in getting Formic acid and Acetic acid which were formerly imported and used as coagulants in the production of rubber in the estates, Sulpholex, an ersatz material prepared according to the formula developed by the Central Research Institute has been marketed by the Travancore Sugars and Chemicals Ltd. This has supplied a vital necessity without which the Rubber Industry may have suffered serious lost. The Research Department of the University has been very efficiently continuing its other activities also.

24. *Industries.* In order to meet enquiries relating to machines and equipments for small scale industries and also to assist in the growth and development of many new industries in the State, especially those of small scale as also advanced cottage industries, it is proposed to open an industrial machinery show-room. Various engineering firms and inventors of labour saving devices for cottage and other industries will be invited to display specimens of their machinery in that show-room.

25. *Agriculture.* As the most vital need of the country at the present moment is the increased production of food-stuffs, the department has organised in co-operation with the Public Works and the Electrical departments a vigorous campaign for the extension of the area under cultivation of different food crops, the extension of punja cultivation and the application of scientific manures to the areas already brought under the plough to secure larger yields. Sixteen manure depots have been opened in different centres for the sale of suitable manure mixtures for paddy and tapioca to ryots on the security of their crops.

26. *Medical.* The Medical department is at present the only major department of the State which is completely centralized in its administration with no District officers for any intermediate supervision or control. Provision has therefore been made in the next year's budget for a scheme for the better and more efficient administration of the department on a decentralised basis by the appointment of a few District Officers. There is also a liberal provision in the Budget for the opening of new dispensaries to cater to the needs of the labouring classes at Kāllar and Kalaketty and for providing better amenities in the existing medical institutions, such as the construction of up-to-date Sanitary arrangements in the Sachivottama Sir C. P. Ramaswami Aiyar Memorial Ward attached to the District Hospital, Quilon, and purchase of equipments for the new block of the Ophthalmic Hospital at Trivandrum.

27. *Public Health.* The House may not be unware that the maternity and child welfare service started in ten rural centres in 1113 as an experimental measure in the first instance having proved itself very useful to the public was made a permanent arrangement

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from the commencement of this year. Since then, various applications have been received for the extension of the service to other centres also. This being a much needed service, Government have decided to open ten more rural centres of maternity and child welfare service. Further, with a view to encourage private enterprise in these matters, especially when such enterprises are readily forthcoming, it is proposed to subsidise a few village unions which have undertaken to take up this all important and much needed service.

28. *Co-operative.* The condition of the co-operative movement in the State had for some time past been receiving the serious attention of Government. They therefore appointed an Advisory Committee to assist the Registrar of Co-operative Societies in drawing up a scheme for the rehabilitation of the movement. The most important of the recommendations of the Committee is for the reconstruction of the financing banks, the chief of which is the apex financing institution, *viz.* the Central Co-operative Bank Ltd., Trivandrum. An examination of the financial position of the Central Bank, the Taluk Banks and the primary societies has disclosed that the cardinal defect is not that they are in any way financially unsound, but that their assets are in a frozen condition. A substantial assistance to the Central Bank for the purpose of granting loans on easy terms to some good societies so that they may be put on a sound footing and serve as a model and stimulus to others has been recommended by the Advisory Committee. Government accept the recommendation and propose to advance to the Central Bank a loan of Rs. 1 lakh on the security of the assets of the movement. Government hope and trust that the financial assistance so rendered will be made good use of by the movement to set itself once again on a firm and strong basis.

29. *Uplift of Backward Communities.* The main items of uplift work proposed for the next year comprise assignment of land for house sites and cultivation, the establishment and maintenance of colonies, the award of educational facilities and concessions, the promotion of cottage industries etc. An increased provision is made in the next year to afford better help to these communities.

30. *Currency and Mint.* The minting and issue of a fresh stock of copper coins to meet the growing demand from the public for these coins is provided for in the next year's budget.

31. *Miscellaneous.* In view of the general increase in the price of commodities including even the barest necessaries of life, a special provision of Rs. 2 lakhs has been made in the budget under Miscellaneous Expenditure for the grant of a dearness allowance of Re. 1 per mensem to the low-paid subordinates in the service of the State drawing a pay less than Rs 15.

Besides the provision of Rs. 1 lakh for investment, an additional provision of Rs 1 lakh has also been made for expenditure on relief of distress.

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